

HOUSE BILL 3785
By Rinks

AN ACT to amend Tennessee Code Annotated, Title 8,
Chapter 27, relative to group insurance for
members of the national guard.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 8-27-201, is amended by deleting the section in its entirety and by substituting instead the following language:

(a) The committee established in § 8-27-101 shall approve a group insurance plan for state employees and national guard members which shall consist of:

(1) A basic plan providing life, accident, and medical expense insurance as it deems necessary and reasonable;

(2) Such optional plans as may, in the judgment of the committee, be in the best interest of state employees and national guard members;

(3) At the discretion of the committee, a supplemental disability insurance plan which may be part of the basic plan or an optional plan. Administration of such plan, if implemented, may be contracted to an agency of state government as determined by the committee. Any benefits paid under such plan shall be coordinated with any benefits paid by employer-funded programs, including social security, retirement, and workers' compensation; provided, that the committee may include in the plan a minimum guaranteed benefit for all claimants;

(4) At the discretion of the committee, a dental insurance plan which may be offered as part of the basic plan or an optional plan; and

(5) Notwithstanding the provisions of title 56 to the contrary, the state insurance committee is authorized to enter into self-insured contracts with health maintenance organizations established pursuant to title 56, chapter 32. The committee shall permit participation in such health maintenance organizations only in those locations for which the organization has been issued a certificate of authority by the department of commerce and insurance.

(b) From the appropriations made each year in the general appropriations act, the various departments, agencies, boards, and commissions of state government shall pay, on behalf of each participating employee and national guard member within the respective departments, agencies, boards, and commissions, not less than eighty percent (80%) of the cost of each individual's participation in the basic group insurance plan established pursuant to subdivision (a)(1). The committee may, in its discretion, establish premiums for each component of the basic plan coverage, in which case the payment on behalf of participating employees and national guard members may vary among the different components of plan coverage so long as the aggregate of all premiums within the basic plan is not less than eighty percent (80%) of the total cost of each individual's participation in the basic group insurance plan. The committee shall not consider the cost of life insurance in excess of fifty thousand dollars (\$50,000) in computing the payment to be made on behalf of participating employees and national guard members. Such optional plans as the committee may adopt pursuant to subdivision (a)(2) shall be fully paid by the participating employees and national guard members.

(c) It is expressly provided that the group insurance plan authorized in this section shall be the only such approved plan for state employees and national guard members.

(d) Any employee or national guard member who leaves the state payroll because of a work-related injury and who qualifies for temporary benefits after application to the board of claims shall be considered an eligible employee or national guard member for the purpose of participating in the state group insurance plan during such period of temporary disability; provided, that such employee or national guard member was participating in the state group insurance plan at the time such work-related injury occurred. The various departments, agencies, boards, and commissions shall pay all of the cost of the insurance premium for such employees or national guard members. Nothing in this subsection (d) shall be construed to permit payment by the group insurance plan for medical expenses incurred because of any work-related injury qualifying the employee or national guard member for benefits from the board of claims.

(e)

(1) All late applicant requirements of the state group insurance program, established pursuant to this section, shall be waived in cases where a state employee or national guard member loses insurance coverage through the state employee's or national guard member's spouse's employer due to the death, divorce, or nonvoluntary loss of employment by the spouse. As used in this subsection (e), "state employee" includes eligible dependents of a state employee and "national guard member" includes eligible dependents of a national guard member. To qualify for this waiver, the state employee or national guard member must show the state insurance committee, through submission of reasonable information acceptable to the committee:

(A) That the state employee or national guard member was covered under the spouse's insurance plan at the time of the spouse's death, divorce, or loss of employment;

(B) That the state employee or national guard member may not continue coverage under that employer's group insurance plan; and

(C) The date of the spouse's death as evidenced by a death certificate; the date of divorce as evidenced by the final divorce decree; or the date of employment termination as evidenced by the spouse's employment termination notice.

(2) The information required by subdivisions (e)(1)(A)-(C) must be submitted within sixty (60) days of the date of loss of insurance coverage. All other provisions of the state group insurance plan which are applicable to new employees and new national guard members shall apply to state employees and national guard members for whom the late applicant requirements are waived.

(f) Any retired state employee who is participating in the insurance plan authorized by this section, and who is in receipt of a disability retirement allowance pursuant to chapter 36, part 5 of this title, shall not be required to discontinue coverage in the basic medical plan authorized by subdivision (a)(1) upon eligibility for Part A of Medicare and may continue in the plan as a retired employee to the point at which Medicare eligibility would have been attained had the disability not occurred; provided, that such retired employee remains eligible for the disability retirement allowance and that Part B of Medicare is retained. The insurance premium shall be the same as that charged to non-disability retirees who are not yet eligible for Medicare. Any retired state employee who is granted a service retirement under the provisions of chapter 36 of this title, shall also qualify for a continuation of insurance coverage if they meet the conditions set forth in this subsection (f), and the eligibility criteria established by the state insurance committee.

(g)

(1) "National guard member" means any person who is on active duty as enlisted personnel or an officer of either the air national guard or the army national guard pursuant to title 58, chapter 1.

(2) "State employee" means any person who is a state official, including members of the general assembly and legislative officials elected by the general assembly, or any person who is employed in the service of, and whose compensation is payable by, the state, or any person who is employed by the state whose compensation is paid, in whole or in part, from federal or other funds, but does not include any person performing services on a contractual or percentage basis.

(3) The committee shall, subject to the availability of funds as certified by the commissioner of finance and administration, have the authority to establish additional criteria that must be met by a state employee or national guard member to be eligible for participation in any insurance plan offered by the committee; provided, that persons currently participating in any plan offered by the committee who are not state employees as defined in this subsection (g) shall remain eligible to participate until such time as coverage is provided by an alternative state-administered plan offered by the committee.

(h) The group insurance plan for state employees shall include as eligible employees each officer and employee of the several departments and agencies of state government who, having been employed by the state for at least twenty-four (24) months, will work one thousand four hundred fifty (1,450) hours or more in a fiscal year, whether compensated on hourly, daily, monthly, or piecework basis. The various departments, agencies, boards, and commissions of state government shall pay, on behalf of each such participating employee within the respective departments, agencies,

boards, and commissions, the same rate of the cost of such individual's participation in the group insurance plan as is paid for other employees pursuant to subsection (b) while such employee is on active status. Such employee may maintain such insurance coverage during the time the employee is not on active status for a period not to exceed three (3) months in any one (1) fiscal year, and shall be responsible for paying one hundred percent (100%) of the cost of such insurance during such time.

SECTION 2. Tennessee Code Annotated, Section 8-27-202, is amended by deleting the section in its entirety.

SECTION 3. This act shall take effect July 1, 2006, the public welfare requiring it.